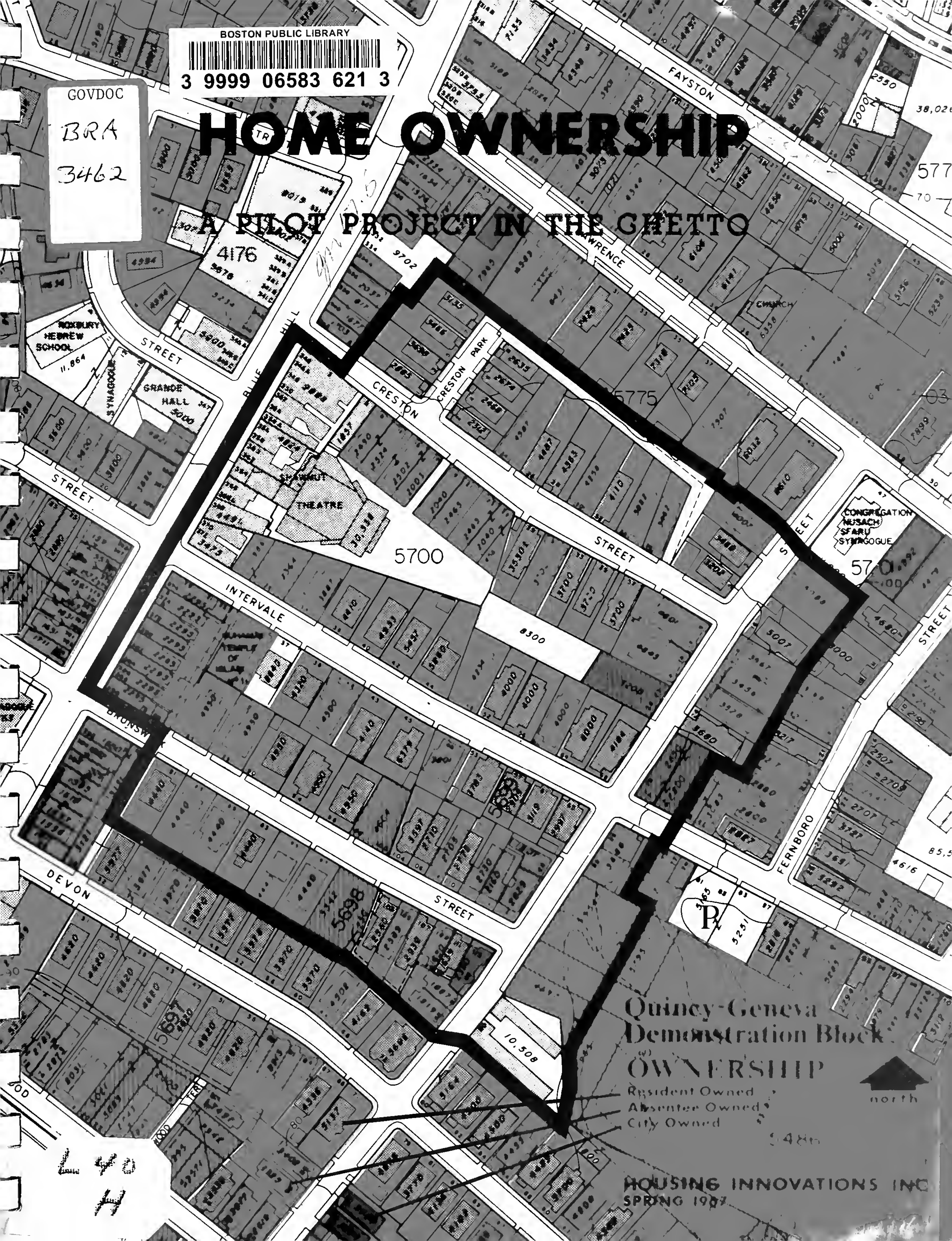
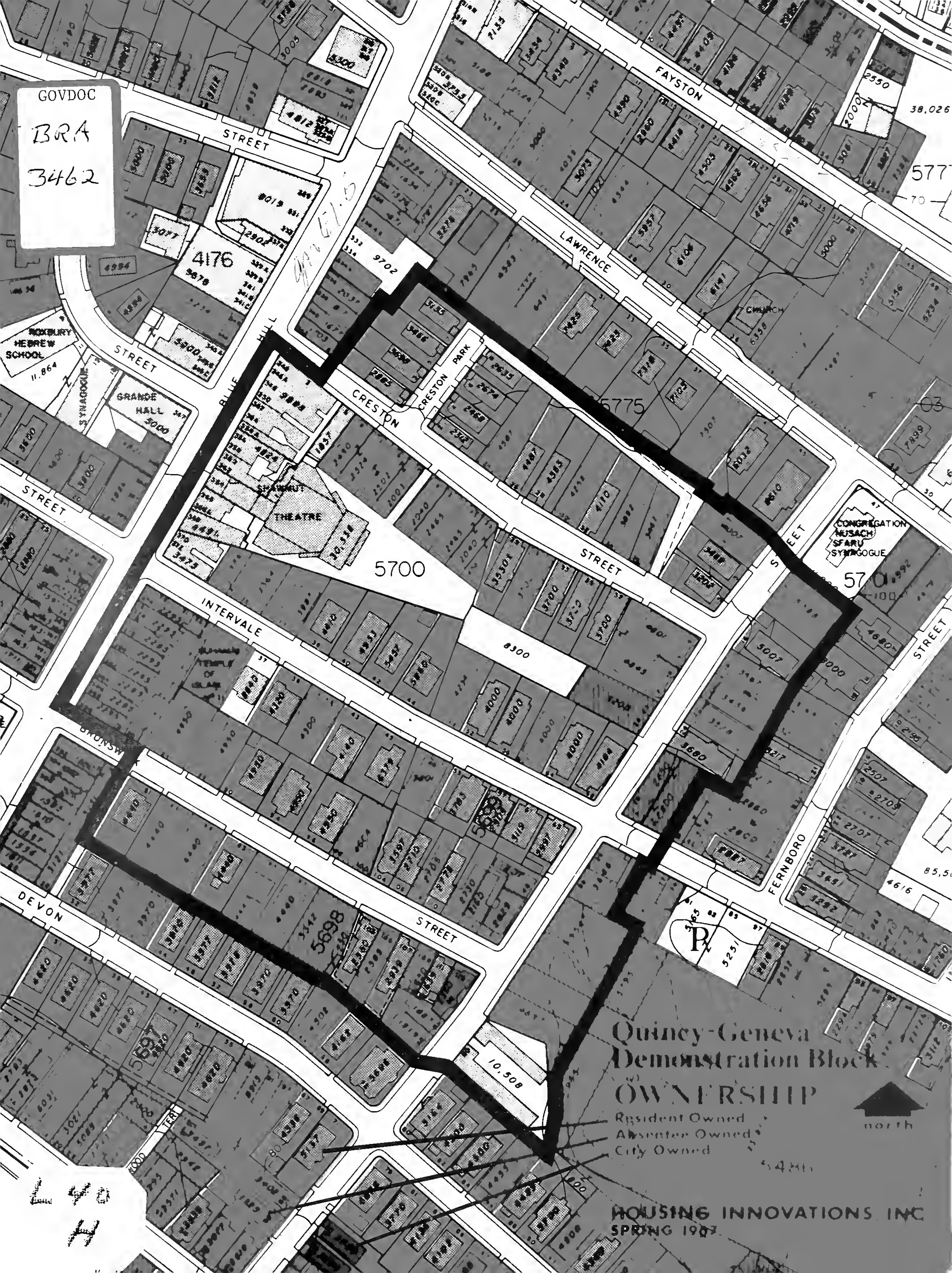
HOME OWNERSHIP

A PILOT PROJECT IN THE GHETTO




Quincy-Geneva
Demonstration Block
OWNERSHIP
Resident Owned
Absentee Owned
City Owned
north
HOUSING INNOVATIONS INC
SPRING 1967
FAYSTON
LAWRENCE
CRESTON
CRESTON PARK
STREET
INTERVALE
DEVON
FERNBORO
BLUE HILL
ROXBURY HEBREW SCHOOL
SYNAGOGUE
GRANDE HALL
SHAWMUT THEATRE
CHURCH
CONGREGATION HUSACH SFARD SYNAGOGUE
TEMPLE OF ISLAM
5700
5775
5698
5697
4176

HOUSING INNOVATIONS, INC.
366A BLUE HILL AVENUE
ROXBURY, MASS. 02121
TEL. 427-3315

HOUSING INNOVATIONS, INC.

Housing Innovations, Inc., was formed in June, 1966, to provide consulting and planning services in the field of low-income housing. The corporation intends to develop techniques of physical and social renewal which can be effectively duplicated in other metropolitan areas.

By charging appropriate consultant fees, Housing Innovations plans to operate at the breakeven point within three years. Any profits made from the two-year pilot project will be returned as donations to the Foundation for Housing Innovations.

FOUNDATION FOR HOUSING INNOVATIONS, INC.

The Foundation for Housing Innovations, Inc., was formed in April, 1967, to provide financial resources for innovative projects in the field of low-income housing. The Foundation will provide resources in two major areas:

1. Equity investments for the purchase, rehabilitation and resale of houses to low-income families.

2. Donated funds to support complementary activities such as research and home ownership counseling.

The funds for administration, research and counseling activities will be obtained through grants from individuals and institutions. The Foundation will raise equity funds as investments from individuals, businesses, educational and religious institutions, and foundations. The Foundation will charge interest on the use of these equity funds to pay back the original investors, to cover possible bad debt, and to make its equity funding eventually self-sustaining.

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INTRODUCTION

Boston's black ghetto, like other ghettos, is largely absentee owned. Like other ghettos, it suffers from physical and social decay. The transformation of the Boston ghetto into one which is resident owned should be a significant step toward fighting decay and building community pride and stability.

Housing Innovations, Inc., (HII) and the Foundation for Housing Innovations, Inc., (FHI) are testing this hypothesis in the Roxbury-North Dorchester section of Boston. A home ownership-rehabilitation project encompassing 35 blocks is planned. It will enable low-income residents to own and live in rent producing rehabilitated structures. For home owners with insufficient money for the down payment, equity funds will be advanced. In some cases the home owner will receive 100% financing (no down payment).

In addition to home ownership, the project is based upon the following important principles:

1. The prudent investment of private funds in low-income housing.

2. Comprehensive social service programming to complement physical rehabilitation.

3. Concentration, within the first two years, on a 3-block Pilot Project area.

A project which proves that investing in the rehabilitation of low-income housing is sound business will contribute greatly to the eventual eradication of slums. This project is committed to obtaining private investment funds from the business and institutional community, and sees one of its prime responsibilities to be the prudent investment of these funds.

Physical rehabilitation without complementary social programs has proven, time and again, to be unsuccessful. The social service program is therefore an essential factor in the project. All new home-owners will receive home-ownership training and counseling. In addition, comprehensive social services including job training and child care will be executed by cooperating agencies. The focus of these programs will be to raise the income level of residents in order to increase their independence and their ability to meet financial commitments.

The project will start with a two-year Pilot Project which will concentrate on a typical centrally located 3-block area. Surveys of the area have been completed and preliminary property negotiations begun. In the next two years it is proposed to acquire, rehabilitate, and sell to local residents over 30 properties in the 3-block area. The Pilot Project will require over $100,000 in administrative funds and approximately $800,000 in equity investment and mortgages.

It is expected that techniques will be developed here which can be duplicated in metropolitan areas throughout the country.

SUMMARY OF WORK COMPLETED

1. A survey of the 35-block area, noting building condition, ownership, and type of structure, for each of the 727 buildings.

2. Delineation of the 3-block Pilot Project area of initial concentration.

3. An intensive survey of the Pilot Project area. This survey includes complete information on owners, mortgages, date and amount of last sale, and tax assessments. In addition, an 80% survey of the inhabitants of the area was made. The survey was conducted by area residents and supervised by a social service agency.

4. Development of a six-stage, two-year rehabilitation program for the Pilot Project. Preliminary negotiations with owners of four of the properties in Stage 1 have been conducted, and feasibility studies of the properties have been prepared.

5. Development of a 100% financing program for home ownership.

6. Assistance in the development of a comprehensive program of social services for the 35-block area.

HOME OWNERSHIP AND REHABILITATION

The basic objective of the physical program is to acquire at least 75% of the absentee-owned structures in the neighborhood and to turn them into rehabilitated, resident-owned rent producing structures. It is proposed to do this without substantially raising rents. In addition, other structures and parcels of land will be acquired for use as playgrounds, nursery schools, or teenage recreation centers as part of the complementary social service program.

The home ownership program will begin with the optioning of absentee-owned properties by Housing Innovations, Inc. HII will obtain rehabilitation estimates, screen prospective home owners and obtain mortgage commitments from local banks. The Foundation for Housing Innovations will then acquire property with its equity funds. Rehabilitation will be done by local contractors with the help of the future home owner where possible. FHI will train the home owner in simple rehabilitation skills prior to his participation in this "sweat equity" program. Such participation by the home owner can reduce his expenses as well as increase his interest in maintaining the property.

After the property is rehabilitated, the potential home owner will either buy the house from the Foundation immediately or live in the house for an intermediate period of up to 1 1/2 years as a resident manager. The new owner or manager will receive assistance and training in the care and management of his property from the Foundation.

A bank mortgage of 75-80% of the sale price of the structure will be obtained for the new home owner. The Foundation will supply whatever part of the remaining 20-25% the home owner cannot afford. (See section on financing). The new home owner may thus have up to a 100% mortgage.

COMPLEMENTARY SOCIAL SERVICES

The social service program will be conducted chiefly through cooperating agencies in the area. The program has been developed by the New England Community Development Corporation, a social service agency which has been conducting child care and job counseling services in the area for the past three years. The social service program will include the following:

1. Community organization.

2. Job training specifically for single females with children.

3. Job training for adult males who are unemployed, underemployed, or dissatisfied with their present job.

4. A program for people on welfare, designed to increase their income and their chances of escaping the poverty-welfare cycle.

5. An education program to supplement the clearly inadequate educational system in Roxbury

6. Child care centers for working mothers.

The several job training programs are aimed at increasing the income of participants to $95/week or $5,000/year. In addition, other programs which permit mothers to work such as the welfare program and child care centers will help to increase the income of residents and thus make them better able to meet their financial commitments.

THE 35 BLOCK AREA

The area is predominantly Negro. It contains the indices of social and physical decay which are characteristic of the fringe areas of most urban centers today: rising crime rates, deteriorating and substandard housing, poor public services, rising proportions of welfare recipients, lack of investment by the business community, and a general isolation from the rest of the city.

The area lies 3 1/2 miles from downtown Boston. It is bounded by Quincy Street, Geneva Avenue, Warren Street, Columbia Road, and the New Haven and Hartford tracks. Blue Hill Avenue, once a vigorous retail center but presently a shabby business district, bisects the area and forms its major activity spine. To the west lies the more prestigious middle-class Negro community of Washington Park, and to the east, railroad tracks separate the area from Dorchester, a largely white Irish community.

The 35 blocks contain over 700 ~~70~~ structures and over 1800 individual dwelling units. Most of the structures are three-family houses, either wooden "triple deckers," three story brick apartment houses, or one and two family homes which have been converted into three family units. Sixty percent of the structures are in need of repair. More than 55% of the dwelling units are owned by absentee landlords. Despite the physical decay in the neighborhood, it has never been designated as an urban renewal area, although it forms a part of the proposed Federal Model Cities Program.

THE 3 BLOCK PILOT PROJECT

When isolated properties are rehabilitated in a deteriorating neighborhood they often relapse into the decay and deterioration of their surroundings. When an intensive rehabilitation program is concentrated in a small but strictly delineated area, the impact can be significant and reinforcing. This project will concentrate its activities for the first two years on the three-block or "Pilot Project" portion of the area.

The three blocks of the Pilot Project include both sides of Creston, Intervale and Brunswick Streets from Blue Hill Avenue to Normandy Street. They contain 90 structures or 250 dwelling units as well as two blocks of commercial properties along Blue Hill Avenue. These commercial properties house, in addition to shops and restaurants, such social service programs as an Operation Head Start nursery school, a tenant-landlord program run by the American Friends Service Committee, the Exodus school busing program, and the offices of Housing Innovations, Inc.

The physical and social characteristics of the Pilot Project area are typical of the 35-block area. In addition the Pilot Project benefits from the nearby social service programs on Blue Hill Avenue, and has the advantage of being close to the public transportation which runs along the Avenue. But most important of all, the three-block Pilot Project is a highly visible and well-trafficked area, and improvements made there should greatly enhance the chances of success in the rest of the 35-block area.

The Pilot Project area has itself been subdivided into six sub-areas or stages for successive periods of intensive concentration. (See staging map. A detailed description of the staging will be found in the Appendix.) Stage 1, Intervale Street from Blue Hill Avenue to Normandy Street, has been chosen for the first stage because it is a substantially self-sufficient area in which housing and social conditions are generally better than in the rest of the Pilot Project. The first four to six months of the project will be spent on Stage 1.

By July, 1968, four of the six stages of the Pilot Project should be substantially underway, and by December, 1968, all six stages should be in operation.

FINANCING

Home ownership by the low-income residents of the Pilot Project may require up to 100% financing. In order to supply this financing, it is proposed that the Foundation for Housing Innovations deposit "equity funds" with conventional mortgagees to make up the difference between the 75-80% financing which the mortgagee normally gives and the amount of financing the home owner needs. The mortgagee, for instance a Federal Savings and Loan Association, will then be able to accept up to a 100% mortgage based on the value of the property and on FHI's equity funds.

The equity funds will be placed with the mortgagee as interest-earning blocked deposits, and will be released to FHI when the owner reduces his mortgage.

The payments made on the mortgage will go first to FHI. Thus, for a 15-year mortgage at 6 1/4% interest with 75% bank financing, the equity funds would be completely released in five years; for the same mortgage based on a 25-year period, the funds would be released in ten years.

In addition to providing 100% mortgages based on blocked deposits of equity funds, other financing flexibility may be required of the mortgagee. It should be possible, for instance, to renegotiate the mortgage during its term to fit the ability of the owner to pay and the level of rehabilitation desired.

In order to encourage conventional mortgagees to participate in the program, one or more of the following devices will be added to the normal mortgage system:

1. FHI will make its blocked deposits available to the mortgagee for the purpose of covering any losses due to default.

2. FHI will set aside an "insurance" fund of not less than $25,000 to cover losses due to default. (This insurance fund will be made up of permanent gifts and donations while the equity funds will be composed of investments to be paid back to the investor.)

3. FHI will repurchase properties in default, and find new owners for them.

4. In addition to collecting principal, interest, and taxes, the mortgagee will also collect maintenance and repair funds and put them into an interest-paying escrow account.

5. FHI will set up a linked financing system in which large institutional and business concerns move a portion of their deposits to mortgagees participating in the program. For example, a mortgagee making a $20,000 mortgage will have $20,000 deposited with it in a normal account.

In addition to these inducements, the function performed by local social service and governmental agencies should increase the attractiveness of mortgages in the area. The job training and other programs which increase incomes will make the residents better able to meet their financial commitments. Commitments will be solicited from the Boston Housing Authority, the Boston Redevelopment Authority, and the Model Cities Agency for cooperation in the Pilot Project. For example, an agreement with the Housing Authority under its Leased Housing Program to lease 10% of the units in the area could serve as a guarantee against an undesirably large number of vacancies in the newly rehabilitated buildings.

Equity funds will be sought primarily from the investment portfolios of churches, educational institutions, charitable foundations, and union pension funds, as well as from real estate investors such as insurance and building supply companies, and from individuals. The investment portfolios of charitable organizations represent a sizeable and largely untapped economic resource. If even a small percentage of their funds can be diverted from their presently conservative investments to the field of low-income housing, a significant break-through will have been made.

DONATIONS AND INVESTMENTS

Three kinds of funds are being sought for the Pilot Project from private investors and donors: grants and donations, investment to be used as equity funds for obtaining mortgages, and seed money investment for working capital and operating expenses.

The donations and grants will in part be used for a $25,000 insurance fund for the Foundation for Housing Innovations, Inc. This fund will be used to insure the equity funds raised by FHI and to provide FHI with an equity position. If there is a mortgage default, the fund will cover the loss, and the equity investor will lose nothing. A small sum will be added into the sale price of each rehabilitated house to be used for replenishing the fund. Donations and grants will also be used to support the operating and administrative expenses of FHI.

Equity investments will be in the form of 6% interest-bearing notes of terms varying from 5 to 10 years. As explained above, these notes will be insured by the $25,000 fund. In addition, owners will be carefully selected for responsibility and potential and will be trained and counseled by FHI as long as its equity is involved in the project. A similar low-income housing project in St. Louis has experienced only two defaults among the 62 properties it has handled. In both cases, it simply repurchased the homes, found new owners, and thereby incurred negligible losses.

Seed money investments can be made to Housing Innovations, Inc., as short-term notes for working capital or as 5- to 10-year notes to support general operating expenses.

FUNDS REQUIRED

1. Insurance Fund - $25,000 (grant)
   (Used to insure the equity funds raised by the Foundation for Housing Innovations, and to provide FHI with an equity position. Provisions will be made for its replenishment in case of losses.)

2. Equity Funds - $200,000 (investment)
   (Total equity funds needed to acquire properties in the Pilot Project, based on 75-80% financing from local banks.)

3. Working Capital - $40,000 (investment)
   (Working capital will include funds to option properties and pay architectural and legal fees prior to the acquisition of property.)

4. Administration and Operation-$130,000 (grant and investment)
   (Includes salaries and general office expenses for an expanding 2-year program.)

APPENDIX

HOUSING INNOVATIONS INC.

PRESIDENT - Denis Blackett - The president is a 35 year-old Negro who has received both his Masters in Civil Engineering and Bachelors in Architecture from M.I.T. He has six years' experience in the fields of architecture and civil engineering. He was a Fulbright Scholar to Italy and worked for two and one-half years in the Boston Redevelopment Authority. He has proven experience in creating and leading significant community-wide action groups and was instrumental in establishing an advocacy planning group in the Metropolitan Boston area.

DIRECTORS - The five-member Board of Directors includes both Negroes and whites. They have professional backgrounds in the fields of architecture, city planning, real estate and development, law, and business administration:

DENIS BLACKETT
President, Housing Innovations, Inc.
Director, Urban Planning Aid
Director, Interfaith Housing Corp.

EDWARD M. CASEY, ESQ.
Partner: Bingham, Dana & Gould

ALLYN ECCLESTON
Development Corporation of America
Agency for International Development
(low cost housing in Central America)
Rensselaer Polytechnic Institute
Harvard Business School

WAYNE HAZZARD
M.B.A., Harvard University
International Business Machines
Director, Unity Bank

RALPH HOAGLAND
M.B.A., Harvard University
President, Consumer Value Stores
Director, NECDC

THE FOUNDATION FOR HOUSING INNOVATIONS INC.

OPERATING PERSONNEL - The major administrative and operating responsibility of FHI will be assumed by the officers and directors of the HII under a contractual arrangement.

DIRECTORS - The nine members of the Board of Directors have professional backgrounds in the fields of religion, architecture, city planning, real estate and development, law, and business administration. In the near future it is planned to expand and change the character of the board to include additional representatives of the business world and additional representatives of the Negro community.

President
DR. JACK MENDELSOHN
Pastor, Arlington Street Church

Vice President
STANLEY MILLER
President, Spacemakers
Graduate, Harvard Business School

Treasurer
COLYER CRUM
Professor, Harvard Business School

Clerk
FATHER MICHAEL F. GRODEN
St. Joseph's Church

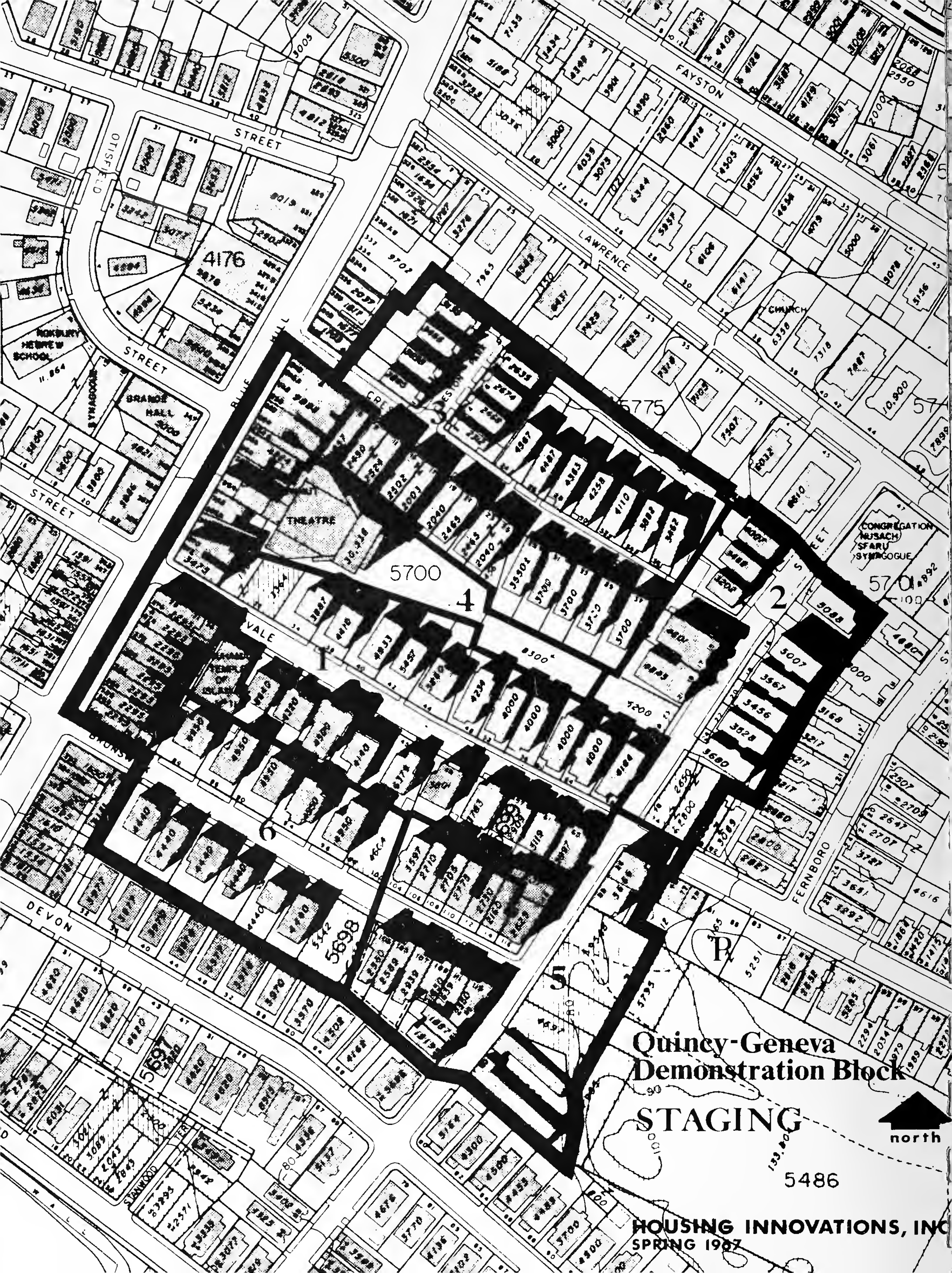
MEMBERS
DENIS A. BLACKETT
President, Housing Innovations, Inc.

EDWARD M. CASEY
Partner: Bingham, Dana & Gould

ALLYN ECCLESTON
Development Corporation of America

RALPH HOAGLAND
President, Consumer Value Stores

THOMAS RAYMOND
Professor, Harvard Business School



Quincey-Geneva
Demonstration Block
STAGING
north
HOUSING INNOVATIONS, INC
SPRING 1967
FAYSTON
LAWRENCE
STREET
STREET
STREET
OTISFIELD
ROXBURY HEBREW SCHOOL
BRANDE HALL
THEATRE
CHURCH
CONGREGATION NUSACH SFARD SYNAGOGUE
VALE
DEVON
FERNBORO
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STAGING IN THE PILOT PROJECT

STAGE 1

Stage 1 is Intervale Street. It is divided evenly between one- and two-family structures and triple deckers, and has the best physical and social conditions within the three-block area. It is mostly resident owned except for one brick apartment house, three scattered triple deckers, and Black Muslim-owned property. Stage 1 has the best chance of attracting stable, low-income families interested in home ownership. It is proposed that four buildings (three triple deckers and one brick apartment house) be optioned, acquired, and rehabilitated. Three of the owners are known to be willing sellers. One of the owners is white and has owned in the area since the mid-thirties; the other three are Negroes. All four are absentee-landlords.

The triple deckers will be acquired first, and their acquisition, rehab and resale to low-income residents will be carefully processed and evaluated. The brick apartment house will be acquired later, although it may be optioned at the same time as the other buildings. The brick apartment house is a six-family unit and may present a management problem to a single owner. It might be more suitable for some type of social service unit such as a satellite child care center.

STAGE 2

Stage 2 includes the northern half of Normandy Street, running from Intervale Street to midway between Creston Street and Lawrence Avenue. It is a mixture of triple-deckers, brick apartments and one- and two-family structures, and is predominantly absentee-owned. The resident owned triple deckers on the eastern side of Normandy Street seem to present a solid anchor for the sub-community. The brick apartments are Negro owned and seem to be run in a responsible manner. The Stage 2 area contains significant open space potential on both the east and west sides of Normandy Street.

It is proposed that the brick apartment house be acquired, if possible, to build experience in handling this type of property. Those triple deckers owned by willing sellers will, of course, be acquired. Existing open space will either be acquired or leased from the City and converted into outdoor recreation areas. HII may also request the closing off of a portion of Normandy Street to connect the two open spaces on either side of the street, and to reduce traffic in the area.

STAGE 3

Stage 3 includes all of Creston Street. It is composed predominantly of triple-deckers with a high percentage of resident ownership. There are eight absentee-owned apartment houses on the street, containing 48 units. Thirty of these are run as furnished apartments and create serious social problems. The resident Negro owners of the triple deckers have resided in the area ten years or more but may feel compelled to move unless the apartment house situation can be changed.

It is proposed that the brick apartment houses be acquired first. There are six units per building--all of them small and probably requiring reconversion. Additional triple-deckers will be acquired where there are willing sellers.

STAGE 4

Stage 4 envisions the acquisition of Roxie Sales, a large supermarket in the area, for conversion to a social service purpose such as a satellite "Y" or boys club program. With the acquisition of Roxie Sales, a continuous open space development could be provided, running the length of the block from Normandy Street up to the Roxie Sales building on Blue Hill Avenue. The possibility for extension of such social service facilities has probably been enhanced by the recent riot, since a number of properties have been vacated or may soon be vacated. Obviously the real possibilities for this type of expansion are difficult to assess at present. Under certain circumstances one might consider the clearance of difficult properties adjacent to open space, such as the brick apartment houses along Creston or a portion of the Blue Hill Avenue frontage, in order to increase the available open space.

The completion of Stages 1, 2, 3, and 4 will represent a complete sub-unit within the Pilot Project. Most of the difficult problems will have been faced. If these four stages prove successful, a more rapid expansion will be considered.

STAGE 5

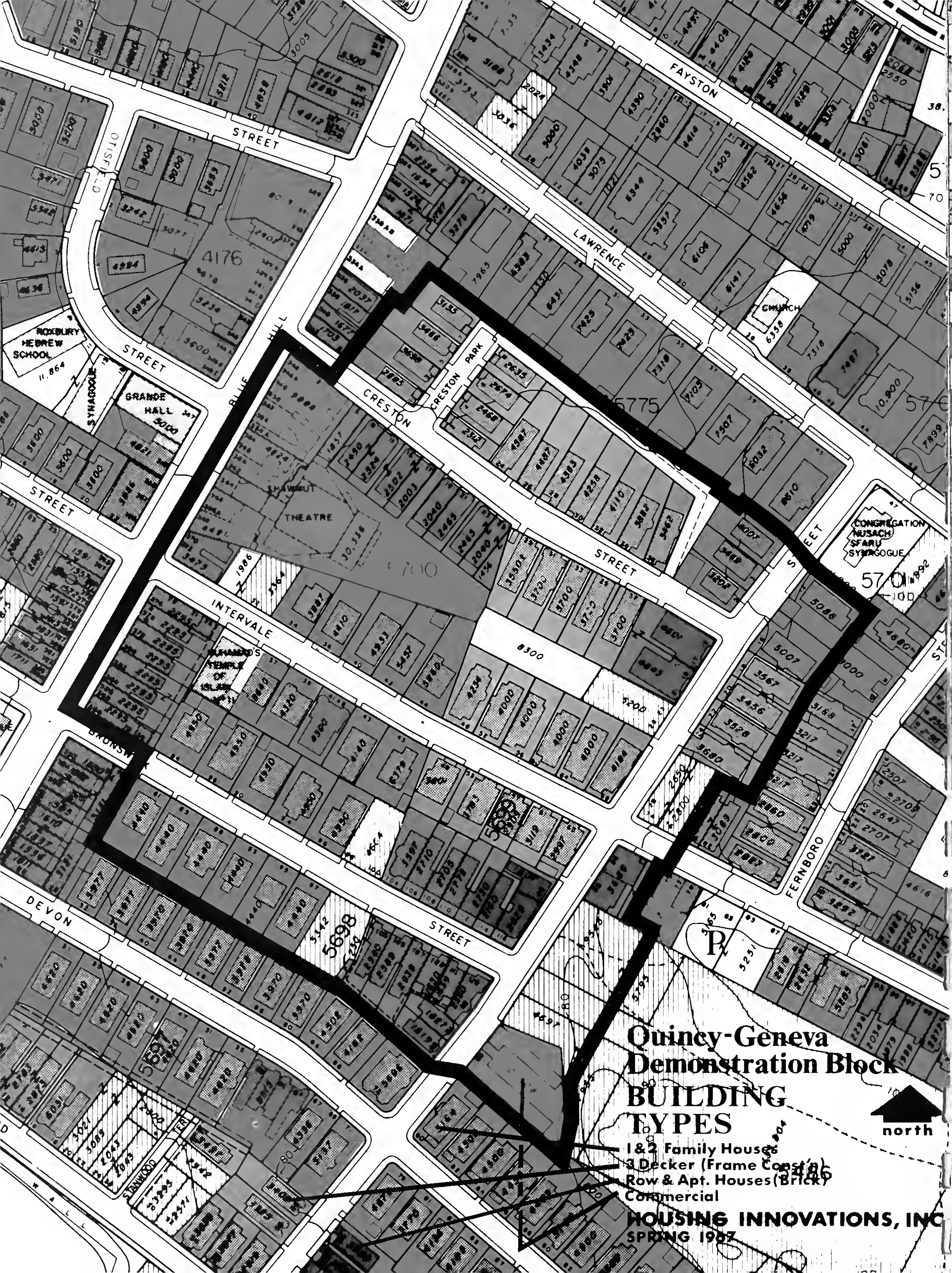
Stage 5 includes the eastern half of Brunswick Street and the western half of Normandy Street. It is composed entirely of brick apartment houses, and is predominantly absentee owned. It is the worst section of Normandy Street and one of the worst sections of the Pilot Project area. There is a grocery store on the corner of Brunswick and Normandy Streets which may be a center of illegal activities. The quarry on the eastern side of Normandy has long been an area of abandoned cars and broken glass, and is frequented by drunks. The quarry is about to be redeveloped by Freedom House as moderate-income FHA-financed housing.

It is proposed that the brick apartment houses be acquired, that HII work together with Freedom House on the development of the quarry with the possibility of some recreational space being provided on Normandy Street, and that the possibility of closing off a portion of Normandy Street, between Devon and Brunswick Streets, be investigated.

STAGE 6

This stage encompasses the western half of Brunswick Street and is made up entirely of one- and two-family houses. It is predominantly Negro absentee-owned. Since one- and two-family buildings, even when they have been converted to three-family buildings, do not have the income potential that triple-deckers do, they will require higher income owners. This will be a good test of whether or not lower middle-class Negro owners can be attracted to the area after it has been rehabilitated. It is possible that some of the absentee Negro owners, many of whom once lived on this street, might move back.

Property acquisition and rehabilitation in Stage 1 should be completed by January, 1968; in stages 2, 3, and 4, by September, 1968; and in stages 5 and 6, by January, 1969.


Quincy-Geneva
Demonstration Block
BUILDING
TYPES
1&2 Family Houses
3 Decker (Frame Const'n)
Row & Apt. Houses (Brick)
Commercial
HOUSING INNOVATIONS, INC
SPRING 1967
north
FAYSTON
LAWRENCE
STREET
BLUE HILL
CRESTON
CRESTON PARK
INTERVALE
DEVON
FERNBORO
CHURCH
ROXBURY HEBREW SCHOOL
SYNAGOGUE
GRANDE HALL
SHAWMUT THEATRE
CONGREGATION NUSACH SFARD SYNAGOGUE
STANWOOD

Housing Innovations, Inc., has done several kinds of research within the 35-block area. A survey of building type, condition, and ownership was conducted and analyzed for the entire 35 blocks. For the Pilot Project complete information was gathered on names of owners, mortgagees, recent sale prices, and assessments. Estimates of rehabilitation costs were obtained for various building types and various levels of repair.

An intensive interview of residents was conducted in the Pilot Project area. This survey was done under the supervision of a social service agency, and was administered entirely by local residents. It covered data normally found in the census as well as the attitudes and opinions of the people interviewed. Eighty percent of the tenants and resident-owners and twenty percent of the absentee-owners were reached.

FINDINGS - PILOT PROJECT

Physical - The furnished units in the brick apartment buildings were found to contain both social problems and physical deterioration. This information was ascertained only through the detailed survey and interview, since from the outside, brick apartment buildings usually appear to be in good condition.

Two common mortgage patterns were found: 10-15 year old VA mortgages with local savings banks, and purchase-money first or second mortgages with realty corporations or private individuals. The VA mortgages are well financed and present no undue burden to the mortgagor. The purchase-money mortgages, however, are usually exploitatively financed and often force the mortgagor into foreclosure. Purchase-money mortgages were particularly common in recent purchases of multi-family brick buildings.

Almost all of the absentee-owners of the one and two-family houses and the triple-deckers are Negro. Some of them are middle and lower-middle class Negroes who used to live in the area but left as it began to deteriorate. Their properties are often poorly managed, due to the lack of managerial skills and inadequate financial resources. Fewer than 10% of the units are owned by corporations or individuals who own more than one structure in the area.

Rehabilitation costs are on the average \$3,000 higher per unit under FHA standards than under local standards. Acquisition plus rehabilitation can cost as much as \$10,000 per unit for FHA standards, but is usually in the \$5,000 - \$6,000 range for local standards. The price for a well maintained three-family structure is between \$13,000 and \$15,000.

Social - The average rent, including heat, is $95 per month. Average income for those who are working is $68 per week, per job, or $3,500 a year, per job.

Over 25% of the households are on either ADC or, less frequently, old-age assistance. These households invariably have insufficient income. One-half of the households seem to have adequate income, usually because two of the members work or one person has two jobs. The remainder of the households apparently have incomes which are inadequate to maintain a decent standard of living even though members of the household are gainfully employed.

For families with children, there is an average of 2.9 children per family.

Among the people on welfare, there is almost universal dissatisfaction with the attitudes of case workers and the size of welfare payments. Among those not on welfare, two feelings about the welfare system were found to predominate: resentment of welfare recipients for getting "something for nothing," and an awareness that the welfare system is destroying recipients. An almost universal dissatisfaction with job situations was found among the employed. This dissatisfaction was usually related to the amount of money received for the amount of work done.

PHYSICAL DATA PILOT PROJECT

Total Number of Residential Structures	98
Total Number of Dwelling Units	253
Condition of Structures	
Sound	10%
Needing Minor Repairs	68%
Needing Major Repairs	21%
Ownership of Structures	
Resident Owned	47%
Absentee Owned	52%
City Owned	1%

Type of Structure	
One and Two Family Houses	34%
Triple Deckers	28%
Brick Apartment Buildings	38%

Condition of Dwelling Units	
Sound	11%
Needing Minor Repairs	66%
Needing Major Repairs	23%

Ownership of Dwelling Units	
Resident Owned	50%
Absentee Owned	49%
City Owned	1%

Condition of Strucutre by Ownership

	Resident Owned	Absentee Owned	City Owned
Sound	8	2	0
Needing Minor Repairs	30	37	0
Needing Major Repairs	8	12	1

Condition of Structure by Type

	One and Two Family	Triple Decker	Brick Apartment
Sound	10	0	0
Needing Minor Repairs	16	25	26
Needing Major Repairs	7	2	12

Ownership of Structure by Type

	One and Two Family	Triple Decker	Brick Apartment
Resident Owned	24	16	6
Absentee Owned	9	11	31
City Owned	0	0	1

Number of Rooms Per Dwelling Unit

Number of Rooms	%
1 or 2	0
3	7
4	31
5	27
6	25
7 or more	11

SOCIAL DATA PILOT PROJECT

Number of Children	460
Number of Adults	428
Total Population in the 3-Block Pilot Project	888
Number of People Over 50 Years Old	112 (13%)
Number of Families on Welfare	68 (26%)

Children		
Pre-School		158
In Public Kindergarten		10
Total in School		
Grades 1-9	210	
High School	38	
	248	248
Drop-Outs, Under 18 years		20
Home, Over 18 years		16
In College		2

Children Per Family

No. of Children	No of Families
0	100
1	46
2	40
3	36
4	6
5	12
6 or more	20

Average No. Children Per Family	1.75
Average No. Children Per Family for Families with Children	2.9
% of Families with Children	62%

Number of Adults Per Household

Adults/Household	No. Households
1	106
2	280
3	42

STABILITY

Lived in Roxbury More Than 10 Years Of These, Average Length in Same House = 7 Years	55%
Lived in Roxbury Less Than 10 Years Of These, Average Length in Same House = 2.5 Years	45%

Average Length in Same House = 5 Years
45% Lived in Same House 2 Years or Less

INCOME

% of Households With Income Under $5,000	57%
% of Households With Income $5,000 - $6,999	23%
% of Households With Income $7,000 or More	20%
	100%
% of Households With Income Under $3,000	27%
Average Income Per Household	$ 428/Month or $5,100/Year
Average Per Capita Income	$ 120/Month or $1,440/Year

ADMINISTRATIVE BUDGET PILOT PROJECT

PERSONNEL

President	$15,000 per year
Administrative Assistant I (Development and Home Ownership Counseling	12,000 "
Administrative Assistant II (Administration and Fund Raising)	7,000 "
Executive Secretary	6,000 "
Secretary	5,000 "
	$44,000

OTHER

15% Fringe Benefits	$ 6,600
Rent	2,000
General Office Expense	5,000
Travel	2,500
Consultants and Misc.	5,000
	21,100
TOTAL	$65,100

MORTGAGE AMOUNT 100 PER CENT FINANCING

In this example the structure is a wooden triple decker in need of major repairs. Housing Innovations, Inc., options the property, prepares architectural designs and specifications, and obtains competitive bids from local contractors. The mortgagee accepts a 100% mortgage (25 years @ 6 ¼%) from the Foundation for Housing Innovations, Inc. The mortgage covers resale to the home owner as well as acquisition and rehabilitation by FHI. The mortgagee advances funds to FHI as the property is purchased and rehabilitated. As the mortgage proceeds are released, FHI deposits 25% of the mortgage amount in an interest-bearing blocked deposit with the mortgagee. FHI sells to the home owner after the rehabilitation is complete.

Acquisition by FHI			
Architectural design and specifications		$ 450	
Legal and Recording at closing		250	
[1]Real Estate Taxes - 3 mos. in advance	$210		
Purchase Price		5500	
		$6200	$6200
Rehabilitation by FHI (4 mos.)			
[2,3]Rehabilitation Cost		$8500	
Public Liability		30	
		$8530	$8530
Carrying Cost (4 mos.)			
6 ¼ interest on $6200		$ 130	
6 ¼ interest on 1/2 of $8530		90	
[1]Real Estate Taxes	$280		
Insurance - fire and hazard		30	
		$ 250	$ 250
Acquisition by Home Owner			
[4]Legal and Recording at closing		$ 100	
HII Service Fee plus FHI Bad Debt Reserve		1200	
		$1300	$1300
TOTAL MORTGAGE AMOUNT			$16,280

1 Not normally included in mortgage.

2 Rehabilitation costs include basic repairs to and upgrading of heating, electrical, and plumbing systems, but do not include typical FHA requirements such as impervious kitchen and bathroom floors and additional electrical outlets throughout the apartment.

3 Rehabilitation costs can be reduced by $2,000 by the "sweat equity" (redecorating, landscaping, etc.) participation of the home owner.

4 Mortgagee for FHI remains for new home owner thus reducing closing costs.

HOME OWNERS FINANCIAL POSITION

In this example the structure is a rehabilitated, wooden, triple decker. The total mortgage amount is $16,300 and the mortgage is for 25 years @ 6 ¼%. The home owner lives in one apartment, rents out the other two and is in the lowest income tax bracket.

PRINCIPAL AMORTIZATION

(Average for first five years)	$324/year

CASH EXPENSES FOR ENTIRE BUILDING

Heat	$ 63/month	
Water and Sewer	13/month	
Insurance, Hazard & Liability	11/month	
Insurance, Mortgage	6/month	
Repairs and reserve for landscaping, redecoration, and replacement at 10%	25/month	
Interest expense (average for first five years)	80/month	
Real Estate Taxes	40/month	
Yearly cash expenses	$238 x 12 =	$2856

TAXABLE INCOME FROM RENTAL PROPERTY

Rental Income (2 units @ $95, incl. heat)	$2280
Less 7% vacancy	160
Net rental income	$2120
Minus 2/3 yearly expenses (2/3 x 2856)	-1904
Net Operating Rental Income	$ 216
Minus 2/3 depreciation (straight line, 20 yr.)	
$16,300 purchase price	
1,300 land value	
$15,000 x 2/3 x 5% per year	-500
Taxable Income from Rental Property	(284)

TAX SAVINGS TO HOME OWNER

On rental property 284 x 18%	$ 51	
Owner's share Interest $324 x 18%	58	
Owner's share Real Estate Tax 162 x 18%	29	
Tax Saving to Home Owner	$ 138	$ 138

CASH SAVINGS TO HOME OWNER
(Comparison with his previous position as a renter @ $95 per month)

Yearly Cash Expenses	$2856	
Principal Amortization per year (average for first five years)	324	
Minus Net Rental Income	-2120	
Expenses to Home Owner	$1060	
Comparable expenses as tenant $95 x 12	1140	
Cash Savings to Home Owner per year		$ 80
NET INCOME ADVANTAGE TO HOME OWNER		$ 218

INCREASED NET WORTH OF HOME OWNER

Principal amortization per year (average for first five years)	$ 324

NOTES:

1. Sweat equity participation by the home owner in the rehabilitation could reduce the total mortgage to $14,300 and increase his cash savings to $250/year, and his net income advantage to $388 per year.

2. Participation by BHA in the Pilot Project through the guaranteed rental of 10% of the units through their Leased Housing Program would justify a reduction in the vacancy reserve.

3. Property appreciation and cost of living increases improve the home owner's financial situation, vis-a-vis his fixed mortgage payments.

SOURCES AND APPLICATIONS
2 YEAR PILOT PROJECT

YEAR	1	2	3	4	5	10	11
Structures--new	13	20	--	--	--	--	--
Units--new	54	82	--	--	--	--	--
Sources:							
Cash Reserve (000's omitted)	--	268	95	87	41	6	(208)
Grants:							
Insurance Fund	25	--	--	--	--	--	--
F.H.I. Administration	30	--	--	--	--	--	--
Debt:							
H.I.I. Operations - 10 yr. 6% notes	100	--	--	--	--	--	--
Working Capital - 4 yr. 6% notes	40	--	--	--	--	--	--
Equity - 10 yr. 6% notes	200	--	--	--	--	--	--
Other:							
[1]H.I.I. Service fee	18	28	--	--	--	--	--
Working Capital Recapture	18	18	--	--	--	--	--
Interest on Reserve -- 5%	6	4	2	2	1	--	--
Interest on Blocked Accounts -- 5%	4	10	10	10	10	6	--
Equity Recapture	--	--	--	--	--	80	120
TOTAL SOURCES	441	338	107	99	52	92	(88)
Applications:							
H.I.I. Operations	40	60	--	--	--	--	--
F.H.I. Operations	15	15	--	--	--	--	--
Blocked Equity Accounts	80	120	--	--	--	--	--
Working Capital	18	28	--	--	--	--	--
Interest on Notes -- 6%	20	20	20	18	18	--	--
Principal Repayment of Notes	--	--	--	40	--	300	--
TOTAL APPLICATIONS	1737	243	20	58	18	300	--
CASH RESERVE BROUGHT FORWARD	268	95	87	41	34	(208)	--

1 $333 per unit

SOURCES AND APPLICATIONS
10 YEAR PROJECT

Year	1	2	3	4	5	[2] 10	11
Structures--new	13	20	40	55	60	60	60
Units--new	54	82	160	210	240	240	240
Sources:							
Cash Reserve (000's omitted)	--	268	95	89	93	134	(81)
Grants:							
Insurance Fund	25	--	--	--	--	--	--
F. H. I. Administration	30	--	--	--	--	--	--
Debt:							
H.I.I. Operations - 10 yr. 6% notes	100	--	--	--	--	--	--
Working Capital - 4 yr. 6% notes	40	--	16	51	7	16	51
Equity 10 yr. 6% notes	200	--	240	330	360	360	360
Other:							
[1] H.I.I. Service Fee	18	28	53	70	80	80	80
Working Capital Recapture	18	28	53	70	80	80	80
Interest on Reserve--5%	6	4	3	3	3	--	--
Interest on Blocked Accounts--5%	4	10	22	37	55	145	153
Equity Recapture	--	--	--	--	--	80	120
TOTAL SOURCES	441	338	482	650	678	895	763
Applications:							
H.I.I. Operations	40	60	60	60	60	50	50
F.H.I. Administrations	15	15	10	12	10	10	10
Blocked Equity Accounts	80	120	240	330	360	360	360
Working Capital	18	28	53	70	80	80	80
Interest on Notes--6%	20	20	30	45	65	160	180
Principal Repayment of Notes	--	--	--	40	--	316	51
TOTAL APPLICATIONS	173	243	393	557	575	976	731
CASH RESERVE BROUGHT FORWARD	268	95	89	93	103	(81)	32

1 $333 per unit

2 In year ten initial $300,000 debt may be refunded, thus eliminating year-end deficit.

DATE	ISSUED TO